

State Department of Corrections

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	10,118.2	9,384.0	9,534.0
Correctional Officer Personal Services	306,729,700	318,105,700	322,458,100
Health Care Personal Services	2,493,500	2,457,400	2,457,400
All Other Personal Services	60,300,100	64,694,900	65,220,500
Personal Services Subtotal	369,523,300	385,258,000	390,136,000
Employee Related Expenditures	173,968,700	194,654,400	197,146,900
Personal Services and Employee Related Expenditures for Overtime/Compensatory Time	23,772,800	15,261,600	15,501,300
Health Care All Other Operating Expenditures			
Professional and Outside Services	1,564,500	2,750,000	2,750,000
Travel - In State	16,200	25,000	25,000
Travel - Out of State	10,800	15,000	15,000
Other Operating Expenditures	1,005,700	835,200	835,200
Equipment	920,000	15,000	15,000
Health Care Operating Subtotal	3,517,200	3,640,200	3,640,200
Non-Health Care All Other Operating Expenditures			
Professional and Outside Services	6,658,900	6,037,400	6,120,600
Travel - In State	148,700	221,400	225,200
Travel - Out of State	53,200	119,100	119,100
Food	41,667,300	40,944,600	41,244,200
Other Operating Expenditures	108,954,700	109,208,100	110,208,900
Equipment	12,373,200	3,655,700	4,877,800
Non-Health Care Operating Subtotal	169,856,000	160,186,300	162,795,800
OPERATING SUBTOTAL	740,638,000	759,000,500	769,220,200
SPECIAL LINE ITEMS			
Private Prison Per Diem	126,978,700	132,380,300	144,321,300
Inmate Health Care Contracted Services ^{1/}	118,998,500	125,274,900	127,847,400
AGENCY TOTAL	986,615,200	1,016,655,700	1,041,388,900
FUND SOURCES			
General Fund	946,358,800	971,743,900	996,477,100
<u>Other Appropriated Funds</u>			
Alcohol Abuse Treatment Fund	363,000	554,400	554,400
Corrections Fund	26,884,000	27,517,600	27,517,600
Penitentiary Land Fund	979,200	979,200	979,200
Prison Construction and Operations Fund	8,499,600	12,499,400	12,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	173,500	360,000	360,000
State Education Fund for Correctional Education	451,800	516,200	516,200
Transition Program Fund	2,905,300	2,485,000	2,485,000
Transition Services Fund	0	0	0
SUBTOTAL - Other Appropriated Funds	40,256,400	44,911,800	44,911,800
SUBTOTAL - Appropriated Funds	986,615,200	1,016,655,700	1,041,388,900
Other Non-Appropriated Funds	43,614,300	48,648,200	48,648,200
Federal Funds	7,645,300	5,343,200	4,981,400
TOTAL - ALL SOURCES	1,037,874,800	1,070,647,100	1,095,018,500

^{1/} The FY 2013 General Appropriation Act did not include the Inmate Health Care Contracted Services line item. The FY 2013 monies have been reallocated to this line item for comparability. (Please see the Inmate Health Care Contracted Services Special Line Item section for further details.)

AGENCY DESCRIPTION — The Arizona Department of Corrections (ADC) maintains and administers a statewide system of prisons for adult and minor offenders legally committed to the department. The department is also responsible for the supervision of offenders on parole and other prison release mechanisms, as specified by law.

Operating Budget

The Baseline includes \$769,220,200 and 9,534.0 FTE Positions in FY 2015 for the operating budget. These amounts consist of:

	FY 2015
General Fund	\$759,804,600
Alcohol Abuse Treatment Fund	554,400
Corrections Fund	3,000,600
Prison Construction & Operation Fund	2,499,400
State Charitable, Penal and Reformatory Institutions Land Fund	360,000
State Education Fund for Correctional Education	516,200
Transition Program Fund	2,485,000

FY 2015 adjustments would be as follows:

500 Maximum Security Beds GF 9,830,800

The Baseline includes an increase of \$9,830,800 and 150 FTE Positions from the General Fund in FY 2015 to fund staffing and start-up costs for the activation of the 500 maximum-security prison beds. Of the \$9,830,800, \$1,328,200 is for one-time start-up costs. This funds 3 months of start-up time for the Correctional Officers preceding the opening of the prison and about 6 weeks of start-up time for All Other Personal Services. The net cost of annualizing the beds in FY 2016 will be \$193,800.

The FY 2013 Capital Outlay Bill (Laws 2012, Chapter 295) appropriated \$20,000,000 from the General Fund in FY 2013 and \$30,000,000 from the General Fund in FY 2014 to the Arizona Department of Administration (ADOA) to construct 500 male maximum-security beds. The Lewis Rast Unit has been selected as the site for the beds. These beds will be operated by the Department of Corrections. The Joint Committee on Capital Review (JCCR) favorably reviewed the ADOA plan for construction of the 500 beds at its June 11, 2013 meeting. The Department of Corrections currently expects construction to be complete in time to accept prisoners by December 1, 2014.

Population Growth GF 347,400

The Baseline includes an increase of \$347,400 from the General Fund in FY 2015 for population growth to cover the non-health care marginal costs of \$1,613 per inmate. The \$347,400 would provide funding for adding 800 inmates across the year, adjusted for the transfer of the 500 prisoners to new privately-operated beds. During FY 2013, the increase of 809 inmates reversed a 3-year trend of a flat or declining inmate population. These marginal costs include expenditures for food, and are accounted for in the Non-Health Care All Other Operating Expenditure

line. In addition to the operating budget, inmate population growth will increase the costs of the private prison health contract that is paid on a per diem basis. (Please see *Inmate Growth Rate in the Other Issues for Legislative Consideration* section and the *Inmate Health Care Contracted Services* for further details on the population growth.)

Private Prison Monitoring GF 41,500

The Baseline includes a net increase of \$41,500 from the General Fund in FY 2015 to annualize costs of contractual oversight and other state-provided services associated with the addition of 500 medium-security private prison beds starting in January 2014, and 500 more in January 2015.

Private Prison Per Diem

The Baseline includes \$144,321,300 in FY 2015 for Private Prison Per Diem. This amount consists of:

General Fund	118,825,100
Corrections Fund	24,517,000
Penitentiary Land Fund	979,200

FY 2015 adjustments would be as follows:

500 Medium-Security Beds GF 11,941,000

The Baseline includes an increase of \$11,941,100 from the General Fund in FY 2015 to annualize the cost of 500 medium-security beds opening in January 2014 and to fund the activation of 500 medium-security private prison beds beginning in January 2015. The funding for the second set of 500 beds assumes the department will open 150 beds on the first of each month, concluding with the final 50 beds on April 1, 2015. Of the amount, \$7,197,300 is for the annualization of the FY 2014 new beds, and the remaining \$4,743,700 is for the activation of 500 beds in FY 2015. The net cost of annualizing these beds in FY 2016 will be \$7,197,300.

The FY 2013 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 302) required the department to award a contract for up to 500 male, medium-security private beds to open on January 1, 2014 and up to 500 more male, and medium-security beds to open on January 1, 2015. These contracts were to be awarded by September 1, 2012 from the 2,000-bed Request for Proposals (RFP) issued by the department in February 2012. On August 31, 2012, the department awarded the contract to Corrections Corporation of America (CCA) at a per diem rate of \$65.43 per bed. CCA will house these prisoners at their existing Red Rock Correctional Center in Eloy. The FY 2014 Criminal Justice BRB (Laws 2013, 1st Special Session, Chapter 5) prohibits the department from

Before the expenditure of any State Education Fund for Correctional Education receipts in excess of \$516,200, the State Department of Corrections shall report the intended use of the monies to the Director of the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote concerning the one-time Transition Program Fund report.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to require the department to report FY 2014 actual expenditures, FY 2015 estimated expenditures, and FY 2016 requested expenditure amounts for each line item as delineated in the prior year when the department submits its FY 2016 budget request pursuant to A.R.S. § 35-113.
- As session law, continue to permit the department to use the Transition Program Fund and the non-appropriated Inmate Store Proceeds Fund for department operating expenses in FY 2015.
- As session law, continue to permit the department to award contracts only with legislative authorization for the remaining 1,000 beds from the 2,000-bed RFP for medium-security beds issued by the department in February 2012.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Arizona State Prison (ASP)-Marana RFP

Since 1994, the department has contracted with Management and Training Corporation (MTC) to operate ASP-Marana, a self-standing 500-bed unit providing services to male, minimum-security inmates. ADC signed a new 10-year contract with two 5-year renewals with MTC in October 2000.

Pursuant to a mutually-agreed-to June 2011 contract amendment, the contract permitted the department to purchase the Marana facility and the land on which it sits for \$150,000 on October 5, 2013 and the department notified MTC at the time of signing the amendment that it intended to purchase the Marana facility and issue an RFP to solicit bids to operate the Marana facility, a process open to MTC and other vendors. The JCCR favorably reviewed ADC’s plan to purchase the facility at its April 2, 2013 meeting. The purchase and transfer of the property was completed on October 4, 2013. A new contract was awarded to MTC with a per-diem of \$45.38. The new contract is a reduction of (7.5)% from the prior contracted rate and provides an estimated savings of \$666,000.

Inmate Growth Rate

The Baseline assumes that the inmate population will increase about 67 prisoners per month through the end of FY 2015, for a total of 800 prisoners a year. During FY

2013, the inmate population increased by 809 from 39,877 to 40,686. In November 2013, the average monthly growth for the previous 12 months was 70 inmates.

The FY 2015 Baseline uses the departmental assumptions regarding the rate of growth by gender and custody level. The projected population growth presumes 716 male inmates and 84 female inmates are gained in a year. A breakdown of the annual population growth rate by custody and gender can be seen in *Table 1*. As with the overall growth rate, the rate assumptions by gender and custody level may need further revision.

FY 2015 Inmate Growth			
<u>Custody</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Minimum	96.0	36.0	132.0
Medium	253.2	31.2	284.4
Close	312.8	12.0	324.8
Maximum	<u>54.0</u>	<u>4.8</u>	<u>58.8</u>
Total	716.0	84.0	800.0

Bed Capacity

There are 2 methods of defining bed capacity:

- “Rated” beds: Beds originally designed for housing prisoners. This amount was 36,681 in public and private prisons on June 30, 2013 a decrease of 428 from the 37,109 on June 30, 2012. The decrease at the end of FY 2013 resulted from the closure of 348 rated minimum beds for efficiency and to open a community corrections center. The department also reassigned 80 rated maximum beds to a temporary classification that should not have been listed as rated beds. ADC will add 500 medium rated beds with the opening of the private Red Rock facility in FY 2014, and will add 1,000 rated beds in FY 2015 with the second set of 500 medium private beds at Red Rock and the 500 new maximum beds at the ASPC-Lewis Rast Unit.
- Operating Capacity: “Rated” beds plus temporary beds established, for example, in areas not originally intended for housing prisoners or double-bunked beds in areas intended for single-bunked beds. During FY 2013, the department reduced its total operating capacity by 179 beds, from 41,989 to 41,810. As of June 30, 2013, public and private prisons have a total of 5,129 temporary beds, an increase from 4,880 as of June 30, 2012. While the use of temporary beds stays the same in FY 2014, ADC projects 5,373 temporary beds in use at the end of FY 2015. They plan to reactivate 324 temporary beds at Cheyenne to meet growth needs and reassign 80 rated maximum beds to their classification as special beds given the opening of the new 500 maximum rated beds.

In addition to rated and temporary beds, special use beds are used for investigative detention, disciplinary isolation, maximum behavior control, mental health observation, or medical inpatient care. Due to their short-term usage, these beds are not counted as part of ADC's operational capacity. The number of special use beds in public and private prisons was 1,553 as of June 30, 2013, 2 fewer beds than on June 30, 2012.

The department has flexibility in establishing or decommissioning beds (or shifting between inmate classification) as discussed in this section. As a result, a FY 2015 General Appropriation Act footnote continues to require the department to provide a report to the JLBC for its review regarding bed counts and reasons for changes in the number or classification of beds; this footnote also clarifies when the department needs to provide closure plans to the JLBC for its review after submitting the bed plan above. *(See the Footnotes section.)*

FY 2014 Bed Surplus/Shortfall

During FY 2013, the inmate population increased by 809 inmates. At the end of FY 2013, the department had a total rated bed shortfall of (4,005). After adjusting for the 5,129 temporary beds in the overall ADC system, the rated bed shortfall became a 1,124 bed surplus as shown in *Table 3*.

Presuming an annual growth rate of 800 inmates, the projected rated bed shortfall in FY 2014 is (4,305). Including the temporary beds, the shortfall becomes a 824 bed surplus. With either method of capacity, the opening of 500 new private medium beds partially offsets inmate growth. By June 30, 2015, the rated bed shortfall is projected at (4,105) and the operating capacity at 1,268. These projections reflect continued inmate growth offset by the addition of 1,000 rated beds and the reactivation of a net 244 temporary beds.

Bed shortfall estimates vary by level of security (e.g. minimum, medium, or maximum). While the overall operational capacity retains a surplus in FY 2014 and FY 2015, shortfalls are expected in male medium custody beds and close custody beds presuming the growth rates by gender and classification show in *Table 1*. Including the opening of 1,000 private medium custody beds in FY 2014 and FY 2015, the re-designation of 800 medium custody beds to close custody, and the reactivation of 324 medium custody temporary beds at Yuma Cheyenne in FY 2015, the projected operational capacity shortfalls for male medium custody beds and close custody beds during FY 2013 to FY 2016 are shown in *Table 2*.

Authorized to reclassify beds, the agency projects that they will re-designate a net 1,384 medium custody beds during FY 2014 to FY 2016 as close custody beds to alleviate potential operational capacity shortfalls and to respond to

the projected annual growth rate in this category of about 312 inmates. With these proposed changes, the operational capacity shortfalls tighten at the medium custody level. While the operational capacity as a whole shows a surplus, there is a potential for operational capacity shortfalls if growth continues to be concentrated at the male medium custody and close custody levels.

<u>Custody</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Minimum	563	467	371	275
Medium	(158)	(311)	(140)	(778)
Close	(151)	(64)	71	143
Maximum	<u>264</u>	<u>210</u>	<u>528</u>	<u>474</u>
Total	518	302	830	114

Transition Program Fund

Pursuant to a FY 2014 General Appropriation Act footnote, ADC submitted a report to the Joint Legislative Budget Committee in October 2013 concerning the uses of the Transition Program Fund (TPF) to allow the Legislature to consider returning the use of these monies to the intended statutory purpose in the FY 2015 budget. For FY 2013, the fund started with a balance of \$1,175,100, and generated \$1,903,700 from statutory sources and received \$533,300 from the one-time transfer of all revenues from the Transition Services Fund, which was merged into the TPF. ADC expended \$1,758,300 for operating expenses for offender operations and community correction services and \$1,146,900 for the Transition Program, leaving a year-end balance of \$706,900. For FY 2014, the fund revenue will consist of \$1,866,600. The FY 2014 budget reduced the amount available for operating expenditures to \$1.2 million. The fund will expend \$1.3 million for operating the Transition Program. This will leave the TPF with a balance of \$63,400 at the end of FY 2014. At the current appropriation and revenue levels, the TPF will face a \$555,100 shortfall in FY 2015.

Arizona Inmate Management System

In FY 2014, \$8,000,000 was transferred to the Automation Projects Fund from the Inmate Store Proceeds Fund and the Department of Corrections Revolving Fund for the first year of replacement of the Adult Inmate Management System, which was estimated to cost \$24,000,000 over 3 years. ADC is currently evaluating vendor bids for the project. In the FY 2015 Baseline, the \$8 million would be funded by using \$5.5 million from the Prison Construction and Operation Fund and \$2.5 million from the Corrections Fund. *(Please see the Department of Administration - Automation Projects Fund section for details regarding this information technology project.)*

Table 3

Fiscal Year-End Operating Capacity

State	FY 2013 Actual			FY 2014 Estimate			FY 2015 Estimate		
	Rated	Temporary	Operating Capacity	Rated	Temporary	Operating Capacity	Rated	Temporary	Operating Capacity
Douglas	1,925	417	2,342	1,925	417	2,342	1,925	417	2,342
Eyman ^{1/}	4,024	1,254	5,278	4,024	1,254	5,278	4,024	1,174	5,198
Florence	3,440	677	4,117	3,440	677	4,117	3,440	677	4,117
Perryville	4,202	72	4,274	4,202	72	4,274	4,202	72	4,274
Phoenix	552	162	714	552	162	714	552	162	714
Lewis ^{2/}	4,604	752	5,356	4,604	752	5,356	5,104	752	5,856
Safford	1,453	316	1,769	1,453	316	1,769	1,453	316	1,769
Tucson	4,605	545	5,150	4,605	545	5,150	4,605	545	5,150
Winslow	1,626	216	1,842	1,626	216	1,842	1,626	216	1,842
Yuma ^{3/}	4,350	80	4,430	4,350	80	4,430	4,350	404	4,754
Subtotal	30,781	4,491	35,272	30,781	4,491	35,272	31,281	4,735	36,016
Private (Per Diem)									
Kingman (\$62.16)	3,400	108	3,508	3,400	108	3,508	3,400	108	3,508
Phoenix West (\$49.28)	400	100	500	400	100	500	400	100	500
Marana (\$49.03) ^{4/}	500	-	500	500	-	500	500	-	500
Florence West (\$44.95 - 55.79)	600	150	750	600	150	750	600	150	750
Florence II (\$67.22)	1,000	280	1,280	1,000	280	1,280	1,000	280	1,280
Eloy (\$65.43) ^{5/}	-	-	-	500	-	500	1,000	-	1,000
Subtotal	5,900	638	6,538	6,400	638	7,038	6,900	638	7,538
Total- All Beds ^{6/}	36,681	5,129	41,810	37,181	5,129	42,310	38,181	5,373	43,554
State Prison Population-	34,190		34,190	34,490	-	34,490	34,790	-	34,790
Female	3,688		3,688	3,772		3,772	3,856		3,856
Male	30,502		30,502	30,718		30,718	30,934		30,934
Private Prison Population-									
(Male)	6,496		6,496	6,996		6,996	7,496		7,496
Total Population	40,686		40,686	41,486		41,486	42,286		42,286
Bed Surplus/(Shortfall)	(4,005)		1,124	(4,305)		824	(4,105)		1,268
Male	(4,539)		518	(4,755)		302	(4,471)		830
Female	534		606	450		522	366		438
Bed Surplus / (Shortfall)									
(% of Beds)	-10%		3%	-10%		2%	-10%		3%

^{1/} During FY 2013, ADC redesignated 80 rated Eyman beds as temporary beds. During FY 2015, ADC plans to designate the beds as special use beds with the opening of the new 500 maximum security beds resulting in a net loss of (80) temporary maximum beds.

^{2/} ADC will open 500 maximum security beds at Lewis Rast in FY 2015.

^{3/} The department plans to reactivate 324 temporary male medium beds at Yuma Cheyenne in June 2015.

^{4/} The stated per diem changed with the new contract in October 2013.

^{5/} 500 medium security private beds are scheduled to open in January 2014, and another 500 beds in January 2015.

^{6/} Excludes special use beds totaling 1,553 in FY 2013, 1,553 in FY 2014, 1,633 in FY 2015.

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Alcohol Abuse Treatment Fund (DCA2204/A.R.S. § 31-255)		Appropriated
Source of Revenue: The lesser of \$0.50 per hour or 67% of wages earned by inmates convicted of driving under the influence (DUI) offenses. The average charge for inmate labor is \$0.75 per hour.		
Purpose of Fund: To provide alcohol abuse treatment and rehabilitation services for DUI inmates.		
Funds Expended	363,000	554,400
Year-End Fund Balance	890,900	819,600

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Arizona Correctional Industries Revolving Fund (DCA4002/A.R.S. § 41-1624)		Non-Appropriated
Source of Revenue: Sale of Arizona Correctional Industries (ACI) goods and services and interest earnings.		
Purpose of Fund: To compensate state employees and inmates employed at ACI; purchase materials for the manufacture of goods for resale, equipment, and supplies; maintain and repair ACI's buildings and equipment; and pay other associated ACI operational costs. A.R.S. § 41-1624 authorizes an annual \$1,000,000 transfer into the Department of Corrections Building Renewal Fund.		
Funds Expended	36,831,300	38,048,300
Year-End Fund Balance	8,250,200	5,295,800
Community Corrections Enhancement Fund (DCA2395/ARS § 31-418)		Non-Appropriated
Source of Revenue: A portion (30%) of a monthly supervision fee of at least \$65 paid by the prisoner. The departments may require payment of a lesser amount. Beginning in FY 2013, revenues also include a monthly drug testing fee pursuant to Laws 2012, Chapter 208.		
Purpose of Fund: To pay for costs related to community corrections.		
Funds Expended	460,400	515,000
Year-End Fund Balance	314,200	293,400
Corrections Donations Fund (DCA3147/A.R.S. § 41-1605)		Non-Appropriated
Source of Revenue: Private grants and monies received from the disposal of donated properties.		
Purpose of Fund: To be used as specified by the particular donation.		
Funds Expended	10,300	0
Year-End Fund Balance	500	500
Corrections Fund (DCA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: For the construction, major maintenance, lease-purchase or lease of correctional or state-operated juvenile facilities. The Legislature may also appropriate monies in this fund for the operation of these facilities. The FY 2014 Criminal Justice Budget Reconciliation Bill (Laws 2013, 1st Special Session, Chapter 5) authorizes an annual transfer of \$2,500,000 from the Corrections Fund to the Department of Corrections Building Renewal Fund. This makes permanent a transfer of \$2,500,000 from the same fund authorized pursuant to Laws 2012, Chapter 294, Section 127. In addition to the funds expended, \$750,000 is transferred from this fund into the Building Renewal Fund pursuant to the FY 2014 General Appropriation Act. This transfer funds a portion of the \$8,000,000 appropriation for the repair of ASPC-Yuma Cheyenne as authorized by the FY 2014 Capital Bill (Laws 2013, 1 st Special Session, Chapter 8, Section 3).		
Funds Expended	26,884,000	27,517,600
Year-End Fund Balance	7,214,700	6,005,500
Criminal Justice Enhancement Fund (DCA2035/A.R.S. § 41-2401)		Non-Appropriated
Source of Revenue: The fund receives 11.7% of Criminal Justice Enhancement Fund (CJEF) monies. CJEF consists of a penalty assessment on fines, violations, forfeitures, and penalties imposed by the courts for criminal offenses and civil motor vehicle statute violations. Beginning in FY 2010, these monies are no longer allocated through ADC.		
Purpose of Fund: For distribution to counties for the training of detention officers, county jail operational enhancement, and ADC administrative expenses.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Department of Corrections Building Renewal Fund (DCA2551/A.R.S. § 41-797)		Appropriated
Source of Revenue: Monies transferred annually from the following funds: Inmate Store Proceeds Fund (\$500,000), Special Services Fund (\$500,000), Arizona Correctional Industries Revolving Fund (\$1,000,000), Corrections Fund (\$2,500,000). The FY 2014 Criminal Justice Budget Reconciliation Bill (Laws 2013, 1 st Special Session, Chapter 5) authorizes an annual transfer of \$2,500,000 from the Corrections Fund to the Department of Corrections Building Renewal Fund. This makes permanent a transfer of \$2,500,000 from the same fund authorized pursuant to Laws 2012, Chapter 294, Section 127. Also includes monies from a visitation background check fee and a 1% fee on inmate deposits.		
Purpose of Fund: For capital projects and preventive maintenance (up to 8% of the annual expenditures). The FY 2013 Criminal Justice Budget Reconciliation Bill (Laws 2012, Chapter 302) transfers the administration of this fund from the Arizona Department of Administration (ADOA) Director to the ADC Director.		
Funds Expended	0	0
Year-End Fund Balance	3,400,900	1,528,300

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Federal Funds (DCA2000/A.R.S. § 35-142 and A.R.S. § 41-1605)		Non-Appropriated
Source of Revenue: Law enforcement related federal grants.		
Purpose of Fund: For inmate education and school breakfast and lunch programs. The amounts do not include General Fund reimbursements for the incarceration of illegal aliens from the State Criminal Alien Assistance Program.		
Funds Expended	7,645,300	5,343,200
Year-End Fund Balance	306,900	100
Federal Grants - American Recovery and Reinvestment Act (ARRA) (DCA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for 6 capital improvement projects in FY 2011. Previous one-time distributions were used for Correctional Officer Personal Services.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (DCA9000/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Charges made to interagency agreements and monies transferred from the department's appropriated and non-appropriated funds.		
Purpose of Fund: To pay department-wide administrative and overhead costs.		
Funds Expended	0	531,100
Year-End Fund Balance	1,996,300	1,986,100
Inmate Store Proceeds Fund (DCA2505/A.R.S. § 41-1604.02)		Non-Appropriated
Source of Revenue: Profit resulting from the privatization of inmate stores.		
Purpose of Fund: For inmate activities, incentive pay increases for Corrections Officers, equipment to enhance safety for both department personnel and inmates or other official needs as required, at the discretion of the Director of ADC. A.R.S. § 41-1604.02 authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund. The FY 2014 General Appropriation Act transfers \$5,500,000 into the Automation Projects Fund.		
Funds Expended	3,903,000	4,616,000
Year-End Fund Balance	6,833,900	1,227,900
Interagency Service Agreement Fund (DCA2500/A.R.S. § 41-1604)		Non-Appropriated
Source of Revenue: Intergovernmental agreements between ADC and other state and local entities.		
Purpose of Fund: To be used as specified in the grant or agreement. The FY 2014 Criminal Justice Budget Reconciliation Bill (Laws 2013, 1 st Special Session, Chapter 5) continues to permit the department to use the non-appropriated Interagency Service Agreement Fund for department operating expenses in FY 2014.		
Funds Expended	88,800	57,800
Year-End Fund Balance*	(2,100)	0
Penitentiary Land Fund (DCA3140/A.R.S. § 37-525)		Appropriated
Source of Revenue: Interest on the Penitentiary Land Fund, as established through Arizona's Enabling Act, Section 25, and monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penitentiaries. The department uses appropriations from this fund for building maintenance.		
Funds Expended	979,200	979,200
Year-End Fund Balance	1,583,500	1,945,500

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Prison Construction and Operations Fund (DCA2504/A.R.S. § 41-1651)		Appropriated
Source of Revenue: Assessment (ranging from \$500 to \$1,500) paid by persons convicted of DUI offenses.		
Purpose of Fund: To pay for any costs related to prison overcrowding and department support and maintenance. In addition to the funds expended, \$6,000,000 is transferred from this fund into the Department of Corrections Building Renewal Fund pursuant to the FY 2014 General Appropriation Act.		
Funds Expended	8,499,600	12,499,400
Year-End Fund Balance	11,576,500	6,863,800
Prisoner Spendable Accounts Fund (DCA2428/A.R.S. § 31-230)		Non-Appropriated
Source of Revenue: Monies received by a prisoner and that are not required to be deposited into another account.		
Purpose of Fund: To pay court-ordered restitution pursuant to A.R.S. § 13-603. Each month, a minimum of 20%, or the balance owed on the restitution amount, up to a maximum of 50% of the monies available in the prisoner's spendable account.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Special Services Fund (DCA3187/A.R.S. § 41-1604.03)		Non-Appropriated
Source of Revenue: Profits from canteens, hobby shops, and commissions on telephone service.		
Purpose of Fund: For the benefit, education, and welfare of committed offenders, and operating expenses of canteens and hobby shops. A major portion of the Special Services Fund is maintained in banks outside the state treasury system, and the transactions are not processed through the Arizona Financial Information System. As a result, the information for this fund is reported on an accrual accounting basis. In the addition to the funds expended, A.R.S. § 41-1604.03 also authorizes an annual \$500,000 transfer into the Department of Corrections Building Renewal Fund.		
Funds Expended	1,894,800	4,280,000
Year-End Fund Balance	6,293,200	5,816,500
State Charitable, Penal and Reformatory Institutions Land Fund (DCA3141/A.R.S. § 37-525)		Appropriated
Source of Revenue: Twenty-five percent of monies received from interest on the State Charitable, Penal, and Reformatory Institutions Land Fund, as established through Arizona's Enabling Act, Section 25; and 25% of monies derived from the rental of these lands and property.		
Purpose of Fund: To provide a continuous source of monies for the benefit and support of state penal institutions. In addition to the funds expended, \$1,125,000 is transferred from this fund to the Department of Corrections Building Renewal Fund pursuant to the FY 2014 General Appropriation Act.		
Funds Expended	173,500	360,000
Year-End Fund Balance	2,804,000	2,505,200
State DOC Revolving Fund (DCA2515/A.R.S. § 42-3106)		Non-Appropriated
Source of Revenue: The fund receives 3% of tax revenue collected on spirituous liquors and 7% of tax revenue collected on vinous and malt liquor.		
Purpose of Fund: To provide rehabilitation programs and counseling for inmates who have a history of substance abuse and are released on parole. The FY 2014 General Appropriation Act transfers \$2,500,000 into the Automation Projects Fund.		
Funds Expended	425,700	600,000
Year-End Fund Balance	3,519,500	3,063,200
State Education Fund for Correctional Education (DCA2107/A.R.S. § 15-1372)		Appropriated
Source of Revenue: "Basic State Aid" funding that ADC receives from the Arizona Department of Education based on the number of Average Daily Membership pupils attending ADC education programs pursuant to A.R.S. § 15-1372.		
Purpose of Fund: To provide education to inmates under the age of 18 years and inmates with disabilities who are age 21 or younger.		
Funds Expended	451,800	516,200
Year-End Fund Balance	590,600	791,000

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
State Employee Recognition Gifts/Donations Fund (DCA2449/A.R.S. § 41-709)		Non-Appropriated
Source of Revenue: Gifts and donations from public and private entities.		
Purpose of Fund: For employee recognition programs that recognize and award the performance, achievement, longevity, or major life event of department employees.		
Funds Expended	0	0
Year-End Fund Balance	200	200
Temporary Transaction Privilege and Use Tax - 1% Fund (DCA1032/Article IX, Section 12.1 of State Constitution)		Non-Appropriated
Source of Revenue: Temporary 3-year 1 cent sales and use tax authorized by voters during the May 2010 special election. The tax expires after May 31, 2013.		
Purpose of Fund: To provide funding for primary and secondary education, health and human services and public safety. Expenditures are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Transition Program Fund (DCA2379/A.R.S. § 31-284)		Appropriated
Source of Revenue: A 5% allocation of wages earned from inmates who earn at least \$2.00 per hour.		
Purpose of Fund: To pay for costs related to the administration of the transition program and for transition program services. Prior to Laws 2010, 2 nd Regular Session, Chapter 54, this fund was known as the Transition Office Fund. Laws 2013, 1 st Special Session, Chapter 1, Section 21 includes an appropriation shift for FY 2014 of \$1,000,000 from the Transition Program Fund to the Prison Construction and Operation Fund. The FY 2014 Criminal Justice Budget Reconciliation Bill (Laws 2013, 1 st Special Session, Chapter 5, Section 11) continues to permit the department to use the Transition Program Fund for department operating expenses in FY 2014.		
Funds Expended	2,905,300	2,485,000
Year-End Fund Balance	706,900	63,400
Transition Services Fund (DCA2383/A.R.S. § 31-286)		Appropriated
Source of Revenue: Cost savings resulting from implementation of a transition drug treatment program.		
Purpose of Fund: To be distributed to entities that provide transition services to nonviolent offenders. Prior to Laws 2010, Chapter 54, this fund was known as the Transition Program Drug Treatment Fund. Laws 2012, Chapter 302 eliminated the Transition Services Fund and transferred all revenues, expenditures, and fund balances into the Transition Program Fund.		
Funds Expended	0	0
Year-End Fund Balance	0	0

* As reported by the agency. Actual ending balance will not be negative.